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Hill pastures of South Island, New Zealand

**Poland's New Farm Policy**
**U.S. Tallow Flows to Japan**
**Triple Target for New Zealand**
**Burma's Barter Deals**

ITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

# FOREIGN AGRICULTURE

VOL. XXI . . No. 5 . . MAY 1957

To report and interpret world agricultural developments.

### World Trade Week, 1957

"Whereas exports and imports are important to our economic strength and to the well-being of our people; and

"Whereas international commerce in all its aspects—trade, travel and investment—is beneficial to the community of nations and conducive to the establishment of a just and lasting peace in the world; and

"Whereas our national trade policy, which seeks to promote the continued growth of mutually profitable world trade, contributes both to our prosperity and to our national security:

"Now, therefore, I, Dwight D. Eisenhower, President of the United States of America, do hereby proclaim the week beginning May 19, 1957, as World Trade Week; and I request the appropriate officials of the Federal Government and of the several States, Territories, possessions, and municipalities of the United States to cooperate in the observance of the week.

"I also urge business, labor, agricultural, educational, and civic groups, as well as the people of the United States generally to observe World Trade Week with gatherings, discussions, exhibits, ceremonies, and other activities designed to promote a greater awareness of the importance of world trade to our domestic economy and to the strength of the free world."

### Cover Photograph

**Bringing sheep in for shearing, South Island, New Zealand. In hill country, government is using airplanes to fertilize and seed pasture lands. Story on page 7.**

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**Editor:** Alice Fray Nelson

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# A New Farm Policy for Poland

By ERNEST KOENIG
European Analysis Branch
Foreign Agricultural Service

THE NEW LEADERSHIP in Poland is giving a decisive turn to agricultural policy. In an effort to correct past mistakes and thus win over the peasants, it proposes some fundamental changes in the country's farm program. These changes imply more freedom for the producer; less pressure for socialization; less discrimination against the private farmers (who till over 80 percent of Poland's crop area); and above all, more emphasis on the profit motive as an incentive to greater farm output.

The new policy was announced in January of this year, through a joint statement of the Communist Party and the Peasant Party.[1] Here are some of its main points.

## Prices and Marketing

Up to now, a very unfavorable price relationship has prevailed between farm products and industrial goods. It was enforced with the help of obligatory delivery quotas, which enabled the government to exact deliveries of farm products at low prices. True, the farmer received more for whatever he sold the government beyond the compulsory quotas. He also received more for certain farm products delivered voluntarily under agreement with the government (the so-called contracting system). Moreover, after fulfilling his delivery obligations, he was free to sell in the open market at better prices. But the bulk of the basic farm products came under compulsory quotas, and output was thus discouraged. For instance, the grain price under the quota was less than one-third of the price on the free market; the potato price, one-fifth; and the pork price, one-fourth.

The new measures aim at gradually reducing compulsory deliveries and eventually abolishing them. Obligatory milk deliveries were abolished at the beginning of 1957. Compulsory grain deliveries from the 1957 harvest are to be reduced by one-third. Farms of 5 acres and less are to be freed altogether from compulsory deliveries of grain and also of potatoes. For middle-sized and large farms, excessive quotas are to be cut; and in setting the delivery quotas, the supply capacities of all other private farms are to be carefully considered. Moreover, the price paid for obligatory grain deliveries is to be doubled. As a result of these changes, the price differential between the different markets will narrow, the farmer's income will increase, and his incentive to produce will be strengthened.

## Land Tenure and Socialization

Since the war, both the farmers who benefited from the land distribution program and those whose ownership went back to prewar days have felt insecure in their property rights. Many of those who obtained land during the postwar land reform lacked title to it. But even clearly established ownership rights did not protect against arbitrary government encroachment upon private property. Moreover, the purchase, sale, and inheritance of landed property was greatly impeded.

The situation became still worse with the onset of collectivization in 1949. In the early postwar years, state farms had been founded with land confiscated from the expelled German population and from Polish estate owners. They were liberally supported by the government, but their existence did not directly interfere with peasant farming. It was different with collectives. Even though collectivization was not pushed so relentlessly in Poland as in most other Communist countries, it did affect peasant farming adversely. Most collectives were founded against the peasants' will and under all kinds of pressure—chiefly economic discrimination against individual producers. The support they received was almost in proportion to the hardships inflicted on the peasants. Thus both the process of forming collectives and their very existence represented a continuous threat—potential or actual—to private farming. According to Gomulka, "This practice proceeded from the premise that socialism can be built on the basis of the poverty and decline of peasant holdings."[2]

Despite this discrimination the re-

**POLAND: PRODUCTIVITY AND SHARE IN TOTAL OUTPUT, BY FARM SECTORS, 1955**

| Type of farm | Share of total farmland | Share of total output | Share of total livestock production | Value of output per hectare of farmland |
|---|---|---|---|---|
| | Percent | Percent | Percent | Zlotys[1] |
| Private . . . . . . . | 78.8 | 83.9 | 91 | 621.1 |
| Collective . . . . . | 8.6 | 7.7 | 4 | 517.3 |
| State . . . . . . . . | 12.6 | 8.4 | 5 | 393.7 |

[1] The highly unrealistic exchange rate for commercial transactions is 4 zlotys to the dollar.
Source: *Trybuna Ludu*, Warsaw, Oct. 21, 1956.

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[1] *Directives of the PZPR Central Committee and the ZSL Executive Committee on Agricultural Policy*, Warsaw, January 1957.

[2] *Trybuna Ludu*, Warsaw, Oct. 21, 1956.

sults of private farming compare favorably with those of the socialized sector. This seems to be borne out by the 1955 figures on the respective shares in total output and farm productivity, even though they must be viewed with certain reservations.

The new policy emphasizes the free development of individual farms. Property rights are to be clearly defined and observed in practice. Restrictions on ownership, leasing, purchase, and sale of land are to be removed. In order to attract settlers to the sparsely populated western territories, peasants are to have the opportunity of acquiring state land, and uncultivated land held by the state may be leased to individuals for 8 years or more.

Despite the recent mass exodus from collectives, the Polish Government apparently intends to continue the policy of socialization, but proposes extensive modifications. It is intimated that the "socialist transformation of the countryside" need not necessarily assume the form of collectivization requiring division of income and common ownership of the means of production, but might well proceed through loose associations or cooperatives more like the traditional types.

Collectives that are economically weak are not to be prevented from dissolving. Those that are economically sound are to be helped—but by investment credits, not by grants; for grants, it is conceded, only perpetuate inefficiency. It is acknowledged that collectives not based on the "principle of voluntariness" are doomed to failure. Thus peasants should not be compelled to form collectives by threats or economic pressure, but should be free to organize them as they see fit—not according to rigid patterns devised by the government.

The new policy also affects state farms. Henceforth these are to operate on the profit principle and are not to depend on subsidies. This requires, however, that they receive better prices for their products. Labor shortages on state farms are to be overcome by better conditions for workers, who are to participate in the farms' revenues and management through workers' councils. State farm managers are to be selected on the basis of professional, not political, qualifications.

## Allocation of Resources

After the war the government made great efforts to supply agriculture with means of production. However, this policy would have been more effective had it not been dominated by political and ideological considerations. Only state farms were permitted to own all types of equipment. Private farmers were deprived of large machines and not allowed to buy new ones. Instead, they and the collective farms had to rely on the services of the State Machine Centers and the state-controlled Village Machine Centers. All the new machinery supplied by the government went to these centers and to the state farms. Only small implements could be bought by all producers.

By 1955 there were four times as many tractors as before the war, with significant increases also in the number of other farm machines and implements. However, the distribution of the available machinery was extremely uneven and highly unfair to the private farmers. Of all the tractors, more than half worked on the state farms, which accounted for only about 13 percent of the farmland; most of the remaining tractors belonged to the State Machine Centers. These centers, which were supposed to serve the individual producers, did 86 percent of their work for the collectives, 8 percent for the state farms, but only 6 percent for the private farms that made up nearly 80 percent of the total farmland.

A similar policy governed the supply of fertilizers. To regain prewar levels of production, Polish agriculture must of course regain prewar levels of fertilizer intake. During 1954-55, fertilizer consumption reportedly reached about 92 percent of prewar. But the distribution of fertilizer supplies was markedly unfavorable to private farms, which received less than half as much per sown acre as the collectives and state farms did.

This policy of allocating resources is also to be changed. Individual peasants and collective farmers may henceforth buy all types of agricultural machinery. Village Machine Centers are to be disbanded, and their equipment is to be sold to collectives, peasant cooperatives, and private farmers. Collectives will still have priority in buying machines as in other respects, but the socialized sector of Polish agriculture will lose the exclusive right to have large machinery.

State Machine Centers will also play an altered role. They are to lend more support to private producers; stop supervising the collectives (as they could do formerly because of the collectives' dependence on their services); and operate according to the profit principle instead of depending on state subsidies.

The supply of agricultural machinery is to be greatly increased. Plans also call for a marked increase in the fertilizer supply and for a more equitable distribution. More building materials and other industrial goods are to be sold to the farmers, credit facilities extended, and cooperatives of all types encouraged.

## Outlook

The new policy, if fully put into practice, should give a strong stimulus to agricultural output. Its significance, however, is larger in scope; for it modifies certain basic principles on which postwar Poland's economic development has been founded. The lag in farm output is mainly due to the low income of most producers. Coercion has proved a poor substitute for real incentives. The government, of course, has never been unaware how effective incentives can be, and at times has granted higher incomes and other privileges in certain strategic sectors of the economy. However, it has always been reluctant to do the same in agriculture. Higher incomes for the large majority of farmers would have primarily meant strengthening the only important part of the economy where private enterprise still prevails. They would also have meant that economic resources forcibly appropriated for further industrial expansion were diverted into consumption. The policy shift that the new farm program represents is likely, at least for some time, to revitalize agriculture in Poland. In that lies the main significance of the program.

# Keeping Up the Flow Of U.S. Tallow to Japan

By R. B. Mortimer, President
National Renderers Association

JAPAN IS A NATURAL MARKET for U.S. tallow. With practically no tallow output of its own, it has flourishing chemical and soap industries that use more tallow every year. The United States—biggest tallow exporter in the world—sells Japan more tallow than any other country does. But to keep this valuable market we must make sure (1) that our tallow is the best available, (2) that its price is in line with prices of other countries' tallows, and (3) that the Japanese realize we want and appreciate their business.

Keeping these points in mind—especially Nos. 1 and 3—I traveled to Japan last fall with Mr. William F. Beedle of Geo. W. Gooch Laboratories, Ltd., Los Angeles. The association of which I am president sponsored our trip jointly with the Foreign Agricultural Service, as part of a project to examine and if possible improve the position of U.S. tallow on the Japanese market.

We visited docks, plants, and laboratories, and talked with Japanese industry people in Tokyo, Yokohama, Osaka, Kobe, and Kyoto. Everywhere we found a warm reception and the most efficient of arrangements for getting all the information we needed.

Knowing as we do the care that goes into producing and shipping U.S. tallow, we were surprised and disturbed to find that there have been complaints on some of the U.S. shipments to Japan. We immediately began to look into the causes. We found that they divided themselves naturally according to the type of shipment—bulk or in drums.

With the bulk shipments, the Japanese importers had one type of complaint that really puzzled us—shortages. We were confident that the ships were properly loaded; so the difficulty must have either occurred en route or had some other cause. After watching the Japan Oil Stuff Inspectors' Corporation examine several shipments, we found that the shortage complaints arose from the differences between Japanese and U.S. methods of calculating weight.

Japanese harbors lack deep-water facilities, so bulk shipments of tallow must be unloaded into barges. Either on the ship or on the barge, the inspectors measure the shipment by taking the average temperature of the tallow and using it to compute specific gravity and rate of flow. In the United States, the average temperature comes from readings taken at the top, middle, and bottom of the load. In Japan, however, the bottom reading came from a point one foot above the actual bottom level. This gives a higher reading, and so the computations based on the average temperature show differences in specific gravity and rate of flow that seem to indicate a shortage.

Our procedure varies in other ways too. We transfer the samples to a laboratory, reheat them to the average

Unloading U.S. tallow into Japanese barge (below), for delivery by canal or for reloading into drums (right).

Photos by R. B. Mortimer

## The Background

Tallow is one of the most important raw materials used by the Japanese fats and oils processing industry. When the Japanese consumption figures sit side by side with the U.S. export figures, they show clearly how important the two countries are to each other as consumer and supplier of tallow, respectively—and how the trade has grown.

| | U.S. tallow exports | | Japanese tallow consumption |
|---|---|---|---|
| | Total | To Japan | |
| | Mil. lb. | Mil. lb. | Mil. lb. |
| 1951 | 538.4 | 56.7 | 69.7 |
| 1952 | 748.3 | 135.1 | 149.6 |
| 1953 | 1,197.0 | 217.6 | 227.9 |
| 1954 | 1,162.1 | 192.6 | 216.1 |
| 1955 | 1,294.1 | 203.1 | 265.4 |

That this trade is still growing is apparent from the Japanese Government's revised import plans for the 1956 fiscal year (Apr. 1 through Mar. 31). These plans included total tallow supplies of about 315 million pounds, with about 90 or 92 percent going into industrial use (soap, chemicals, and the like). The United States is expected to furnish some 67 percent of these supplies.

Why this steady increase in Japan's tallow consumption? Undoubtedly one of the main reasons is that the Japanese standard of living, especially in the cities, has greatly improved since the war. The average wage now appears to represent a little more luxury money. People are buying more clothes, more soap to wash them with, and more washing machines to wash them in. (In Japan's soft water, washing machines can do an entirely adequate job with soap. This means little need for detergents.) Japan's soap production in 1951 was 326 million pounds; by 1955 it had risen to 615 million; in 1956 it was close to 653 million. The biggest jump came in the production of powdered soap—from 23 million pounds in 1951 to nearly 102 million in 1956.

The following figures on washing machines explain this trend in powdered soap output. In 1949, Japan produced 364 washing machines. This figure rose to 461,267 by 1955, and the first 6 months of 1956 saw an output of 367,118. Total production for the 7½ years was 1,219,753. After inventory is deducted, there remain some 1,138,000 in actual use. The Japanese soap industry estimates that each machine uses 6½ pounds of powdered soap per month. Thus, consumption runs about 89 million pounds a year in washing machines alone.

temperature, and work out the specific gravity by using a pycnometer. The Japanese, on the other hand, felt that they had to complete the calculation right on the barge or ship; and they use the hydrometer. We felt that some of the discrepancies in results might come from the difficulty of working with the less accurate hydrometer on board a floating—and perhaps rolling—vessel.

In the end, however, the Japanese inspectors tried our system of taking a temperature reading at the bottom instead of one foot above. When they found that they then got much the same results as we did, the misunderstanding about shortages disappeared.

But the sampling of tallow has another purpose besides gaging the quantity of the shipment. It is a method of quality control. When sampling showed that some of our bulk shipments failed to meet contract specifications, we were at a loss to understand how such a thing could be. We knew that our tallow producers take responsibility for the quality of their product and also for the absolute cleanliness of the tank trucks and storage tanks and ship tanks that handle it. Yet we found that some of the U.S. tallow reaching Japan in bulk was well below contract specifications in quality.

We solved this mystery through conferences with the steamship companies that transport our tallow. They had not all understood that tallow is a perishable commodity that suffers through improper heating. Naturally, being semisolid, it must be melted before it can be unloaded. But heating it too much or unevenly can make all the difference between a quality product and an unsatisfactory one. Overheating causes a chemical action that lowers the glycerine content; it also sets the normal color of the tallow and thus reduces bleachability. Uneven heating can occur when the ship is in port and there is no motion to help circulate the liquefied tallow. What has already been melted stays in contact with the hot steam coils and becomes scorched.

We advised the steamship companies to start melting the tallow early, several days before arrival time; to raise the temperature slowly and steadily and keep it constant; and never to let it exceed 130°. They have cooperated fully, and we expect no further quality problems of this kind.

A great deal of our tallow, however, still arrives in drums. Not all Japanese plants have adequate storage-tank capacity; some must use drums to supplement their bulk shipments. We saw a number of drums emptied or sampled, and had to admit that some were entirely unsatisfactory. Three kinds of quality problems keep recurring. The first is careless selection of the material to go into the drum. Our producers check their tallow carefully before it is packed; but if it is borderline in quality—only just up to contract specifications—it may deteriorate in transit.

The second kind of problem is careless packing. Some producers or packers use cheap drums that have not been properly cleaned. If the previous contents were oil-soluble or oil-base materials, the tallow will be ruined. We saw one drum that had apparently contained some sort of oil-base paint. The tallow was a reddish gray with globs or splotches of red oil paint. Naturally, it was entirely unsatisfactory for high-grade soap or any other use.

The third kind of problem is careless marking. Drums that are marked in grease pencil or oil-soluble paint might as well not be marked at all, for the identification simply dissolves away in transit. Then the drum must be reweighed heavy and light to obtain its net weight. This could all be avoided by having the drum head clean, using a good grade of stencil ink and stencils, and then lacquering the head after the ink is dry.

To solve these problems, we have asked for full cooperation from all our association's members. Needless to

*(Continued on page 17)*

# New Zealand Sets Up A Triple Target - -

## To grow more
## export more
## buy more

By Mary Ellen Long
Far East Analysis Branch
Foreign Agricultural Service

FEW COUNTRIES IN THE WORLD are so dominantly agricultural in their economy and at the same time enjoy such a high standard of living as New Zealand. One of the world's largest exporters of livestock products, New Zealand gains more than 90 percent of its export revenue from such agricultural commodities as wool, meats, dairy products, tallow, and hides and skins. But at the present rate of increase, the country's population of 2.2 million will probably reach the 3-million mark within the next 15 years; therefore, if the current living level is to be maintained, New Zealand will have to become more productive. Not only will it have more people to feed, but it will have to boost its farm exports to provide purchasing power for increased imports.

New Zealand is about the size of the State of Colorado. About two-thirds of its 66 million acres are used for agriculture. This agriculture is highly specialized and mechanized, with the emphasis on grass farming. In 1956, there were 40 million sheep, 5.6 million head of all cattle, and 2 million dairy cows. Principal exports during the calendar year 1956 consisted of 460,000 short tons of meat, 450 million pounds of wool, and about 370 million pounds of dairy products, on a butterfat basis.

### Assets

What are the prospects for expansion? On the asset side are the country's land resources, its climate, and its scientific experience. Some 28 million acres of hill lands too steep for cultivation remain to be fully developed into pastures for sheep and other livestock. Climate is temperate all year round. Mean daily temperatures range from 45° to 62°, and in only a few areas does the rainfall vary from the evenly distributed 30 to 70 inches a year. As a result, pasture growth is maintained throughout the year. Moreover, New Zealand farmers have to their credit more than 30 years of experience in the use of scientific techniques for the production of grasses and high-quality pastures.

With these resources, New Zealand can be optimistic about reaching its agricultural goals. Already plans are under way to attain them; these plans have the full support of the government and the country's farmers. Among those that will make the most significant contribution to future increases in production—particularly wool, dairy, and fatstock feeding—are land development and new settlement, aerial farming practices, irrigation, rabbit eradication, and correction of trace element deficiencies in the soil.

### Land Development

Eventually New Zealand hopes to reclaim some 2.4 million acres of unused privately owned and Crown lands. These new lands are scattered throughout both islands, but the largest potential development regions are in North Auckland and the Hawkes Bay districts of North Island, and the Otago and Southland districts of South Island. At the present time, they are being reclaimed at the rate of 50,000 acres a year by the government, with an equal amount being developed each year by private interests and the Department of Maori Affairs. And in most instances the lands have been reserved for former servicemen under long-term leasing and financing provisions.

**FORECASTS OF NEW ZEALAND'S AGRICULTURAL EXPORT POTENTIAL 1952-82**

| Commodity | Unit | Base period 1952 | Percentage increase over 1952: 1962 | 1972 | 1982 |
|---|---|---|---|---|---|
| Meats | 1,000 s. tons | 430 | 26 | 38 | 50 |
| Dairy products[1] | Mil. lb. | 387 | 9 | 24 | 30 |
| Wool | Mil. lb. | 407 | 33 | 55 | 73 |

[1] Converted to butterfat basis.

Development must follow established patterns adopted by the Lands and Survey Department. In most instances the government clears the land, builds houses, fertilizes and plants grass crops, fences the farms, and stocks them with cattle. It also initiates road construction, supervises erection of power lines and installation of telephones, and establishes rural mail service. In some areas the government directs community projects, such as the building of schools, stores, dairy factories, post offices, and bus services.

### Aerial Farming

One of the most dramatic phases of agricultural development in New Zealand's history has been the recent adaptation of aviation to farming practices. In 1950 aviation was employed in the fertilization of 49,000 acres, and 68 tons of seed were sown

Both hill country and level land are fertilized and seeded by airplane in New Zealand. Right, country's lush pasture lands with Mt. Egmont in background.

Photos from E. R. Ransom

by air. By 1956 the aerial-fertilized acreage was increased to about 4 million and over 350 tons of seed were sown. Some 475 aircraft are now being utilized in agriculture, with more than half of them equipped for fertilizing and spraying.

Aerial farming is particularly suited to New Zealand. Not only are many of the pastures in hill country, but the land itself responds readily to the application of phosphatic fertilizers and to pasture seeding. But as the stock-carrying capacity of this treated hill country is increased, subdivisional fencing becomes necessary to insure the best use of the extra grass produced. So again airplanes are put to use. Today fence posts, wire, and other supplies are transported into the hill areas and dropped. This costs less than the packhorse method, and provides more efficient use of the aircraft, since the fence-dropping is done at odd times of the year when other farming operations have been completed.

### Irrigation

In time, New Zealand will probably give greater consideration to capital expenditures for irrigation. The South Island, particularly in the Canterbury and Otago areas, has considerable production potential for both livestock and crops, provided irrigation can be introduced on a larger scale. Approximately 750,000 acres in the Canterbury plains consist of soils of low moisture retention, yet suitable for grass and crops under irrigation. So far irrigation facilities are available for only about 100,000 acres. Furthermore, irrigated farming practices would permit some reorganization of farm management, and greater subdivision of holdings might be made so that the land would support more people.

### Rabbit Eradication

Rabbits have long been a pest to farmers in certain parts of the country, and it was not until 1947 that the government made a determined effort to eradicate them. In the last few years over 4 million dollars have been spent to get rid of them. By aerial dropping of poison bait, areas where rabbit infestation was severe are now beginning to be free of this pest and, as a result, the carrying capacity of pastures has increased.

### Trace Element Deficiencies

New Zealand's agriculture has already benefited from the correction of trace element, or mineral, deficiencies in the soils. Small quantities of cobalt have proved to be the key to the development of a million acres of pumice land in central North Island. Small amounts of molybdenum have greatly increased the rate of pasture growth in Otago and the Southland districts of South Island. Copper is also necessary for the peat soils and some of the sand soils of the North Island to insure proper plant growth and offset detrimental health effects on livestock.

### Obstacles

Despite its assets, New Zealand faces certain obstacles that could very well stand in the way of its achieving its long-term objectives. Capital is the principal one. Large sums will be required not only for irrigation but also for increased transport, marketing, dock, and storage facilities. Aside from government development projects, present capital investments in agriculture are limited primarily to farmers' expenditures from personal savings encouraged by income tax concessions. Alternative sources of capital and farm loan facilities may need to be developed.

Farm labor may also prove an obstacle. As agriculture expands, competition for labor with industrial and urban areas will undoubtedly arise,

*(Continued on page 18)*

# Germany's Second Green Plan

GERMANY TOOK several steps in 1956 to give its farmers special income support. Effective April 1, 1956, the turnover tax for farm products, at the producer level, was abolished—a saving of 200 million marks. A rebate on Diesel oil, due for the calendar year 1956, will feed back into agriculture about 130 million marks beginning April 1, 1957. And rebates on commercial fertilizer for the productivity drive were given in the amounts of 227 million marks for 1955-56 (retroactive) and 226 million marks for 1956-57. Financial assistance for a stepped-up pace of consolidation and improvement in agricultural structures was also increased.

These special measures were taken in compliance with the basic agricultural law, passed in 1955 and designed to improve the economic position of agriculture.[1] Thus they are in addition to the regular agricultural policy program.

The second annual review under the parity law—*Report on the Conditions of Agriculture* (Green Report 1957 and Green Plan 1957)—shows that in the fiscal year ending March 31, 1957, the federal treasury spent 2½ billion marks ($600 million) in support of German agriculture. This included subsidies and credits for market regulation, for productivity measures, research and extension, payments for land consolidation and resettlement, and tax remission. This was about 20 percent of the net income of agriculture.

Naturally, this was not the total contribution of the community at large to the income of agriculture in 1956. Price supports as they result from fixed prices, import tariffs and fees, and market intervention impose an additional burden upon other segments of the economy. This kind of subsidy does not, of course, show up in the budget. On the other hand, other segments of the economy also get policy support (tariff, subsidies) which, insofar as they are borne by the farm population, must be taken into account in any social accounting between town and country.

## Green Report 1957

According to the Green Report 1957, the agricultural year 1955-56—while not very favorable for German agriculture—did bring measurable progress in productivity. Production per worker and per animal increased. Mechanization made further headway, especially on smaller farms, and the decline in the agricultural labor force continued. Output per unit of input generally increased.

Despite this progress, agricultural income declined relative to industrial income in 1955-56—primarily because wages in industry rose faster. In view of this fact, the government decided to continue the measures of special aid to agriculture initiated by the Green Plan for 1956[2] and to grant additional aid.

## Green Plan 1957

In its Green Plan 1957, the government proposes to provide 165 million marks, compared with 80 million last year, for consolidating scattered holdings. Private consolidation agreements, obviating the need for government action, are to be further encouraged in support of the farmers' own initiative. Agricultural improvements, such as drainage and irrigation, expansion of the rural road system, and improved canal facilities and water supply will be supported by grants of 190 million marks, compared with 125 million in 1956. As in 1956 the government will grant 35 million marks for residual rural electrification. The above amounts will be given half as subsidies and half as credits.

Rebates on fertilizers up to 260 million marks will be granted, compared with 226 million last year. Subsidies for the purchase of high-quality seed potatoes and for the improvement of orchards and other fruit plantings are to amount to 11 million marks. The purchase of machinery for cooperative use and the construction of silos and drying equipment will be subsidized with 20 million marks—a measure for the benefit of smaller farms.

Considerable financial assistance will be provided for improving the quality and marketing of farm products. Those producers who comply with specified sanitary and quality requirements will be paid premium prices of 4 pfennigs per liter (10 percent)—requiring a subsidy of 400 million marks. In addition the government intends to release 50 million marks for the eradication of diseases, for improving dairy equipment, and for milk-in-school programs.

Other subsidies of this type aim at improved marketing of potatoes, fruit, and vegetables and better facilities for storing and drying grain. Of special interest is the plan to assist the organization of better production and marketing facilities for poultry, particularly slaughter poultry. A total of 30 million marks (last year, 17 million) is to be granted for all these purposes.

For easing agricultural credit terms and consolidating short-term loans the government is planning to use a total of 10 million marks, plus an unused 25 million out of the 1956 program. Research and extension work will be supported by a special contribution of 15 million marks, compared with 10 million last year—an addition of 30 percent to the regular funds devoted to this purpose.

In all, aids to be provided under the 1957 Green Plan add 1,212 million marks, compared with 615.5 million under the 1956 Plan. Other Federal aids for agriculture, which totaled 1,884.5 million marks in fiscal 1956-57, will probably be smaller this year than last, but not enough to offset the increase under the Green Plan.

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Prepared in European Analysis Branch, Foreign Agricultural Service.

[1] *See* "Germany Passes Parity Law for Agriculture," *Foreign Agriculture*, September 1955.

[2] *See* "First Annual Review of German Agriculture Law," *Foreign Agriculture*, May 1956.

Japanese women, who are expert judges of good fabrics, are buying more and more cotton textiles like these—made in Japan out of raw cotton from the United States.

# *What's Ahead for* The Japanese Textile Industry

Cotton faces a problem in Japan. The heart of that problem is the fact that Japan's cotton textile industry earns less foreign exchange by exports than it spends for imports of raw cotton. The competing chemical fiber industry, however, earns far more by exports than it needs to spend for imports of wood pulp.

These things being so, how can Japan achieve a balance in its textile trade position? Should it try to export more cotton products by consuming less at home? Should it try to produce more rayon, both for export and for domestic use? The Japanese Government in 1956 answered yes to both these questions. The article below shows why, a year later, the questions have arisen again. For further background, see Foreign Agricultural Report No. 97, scheduled for early release.

By BERNICE M. HORNBECK
Cotton Division
Foreign Agricultural Service

A REALISTIC SOLUTION to Japan's problem of balancing resources and needs requires difficult decisions, which the Japanese Government is apparently prepared to make. Whether the government can attain its goals is uncertain. But the course charted for the Japanese textile industry is crystal clear—and it should be of real concern to Americans whose interest lies in selling raw cotton to Japan.

### Plans for the Textile Industry

In January 1956 the Economic Planning Board of the Government of Japan published a detailed document entitled "Five-Year Plan for Economic Independence," which established blueprints for all segments of the Japanese economy. Though some of the details have since been revised, the guiding philosophy remains the same insofar as the textile industry is concerned—self-sufficiency.

**"As for textiles, natural fibres goods are to be emphasized as exports whilst chemical and synthetic fibres will be increased in production to meet domestic demands . . . As a result, the ratio of consumption of natural fibres against artificial fibres will be 6 to 4 as compared with the ratio of 7 to 3 in 1954, so contributing to the self-sufficiency of the fibre industry."**

The plan also calls for heavy increases in exports of chemical textile goods. It looks toward reducing the domestic use of natural fibers (including cotton), while maintaining exports of their products through improvements in quality and reductions in cost.

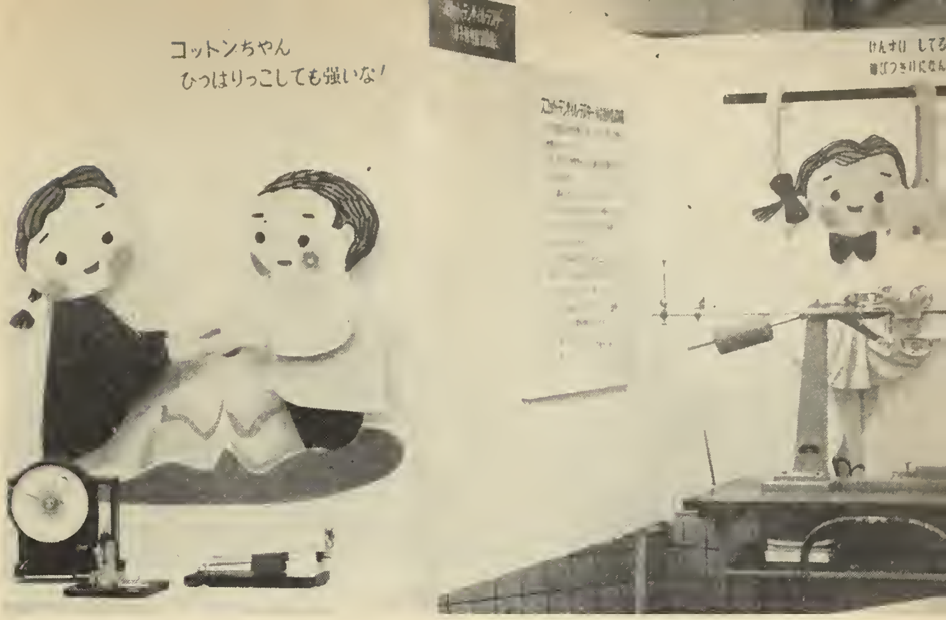
By July 1956, however, the government had to revise its estimates, for many of the production goals contained in the original plan had already been exceeded. For 1963, production of cotton yarn is now scheduled at about 2 percent above 1954 but production of chemical fiber yarn and staple at more than double 1954's with a total of 1.5 billion pounds, or approximately 71 percent of U.S. production capacity in 1956.

Rayon staple fiber production is slated to double by the end of 1963, and rayon filament production will almost double. Production of noncellulosic fibers will increase several times over: nylon production, for example, is scheduled for a fivefold increase from 11.8 million pounds in 1954 to 64 million in 1963; and vinylon production, which in 1954 was only 8.1 million pounds, is expected to increase fifteenfold, to 120 million.

The government plans run as far as 1963. However, the Japan Chemical Fibres Association—an organization of manufacturers and spinners of rayon, acetate, and other synthetic fibers—has come up with projected production estimates to 1975. The association's long-range proposal provides for tripling the production of chemical fibers between 1955 and 1975, to reach a total of more than 2.7 billion pounds—85 percent above the government's latest goal for 1963. Of the total, 1.3 billion will be rayon staple fiber.

The rayon producers' goals for staple fiber and filament yarn for 1956 were almost the same as the final goal for 1960 in the government's original 5-year plan. This fact undoubtedly influenced the government in revising its earlier plans before they were 2 years old. The Ministry of International Trade and Industry, it is reported, has advised the rayon producers to reduce their short-term production goals. This move has slackened the industry's expansion rate, although there appears to be no agreement yet on coordinating long-range government and short-range industry plans. The government can wield a curbing influence indirectly by controlling foreign exchange allocations for imports of rayon pulp and of basic chemicals for the production of caustic soda and sulfuric acid—materials that will be needed in larger volume to carry out the industry's goals. If necessary, it is reported, the government is prepared to use this device.

Of great significance to cotton interests is the fact that in 1956 the cotton textile industry also exceeded the government's 1963 goals by about 3 percent. Cotton industry leaders are reported to have felt that both the original and the revised plans of the Economic Planning Board were unrealistic; and at the time the plans were drawn, they pressed for reconsideration should future conditions warrant. It is now apparent that increases in raw cotton imports could not be avoided. Cotton mill consumption in 1956 totaled 2.4 million bales, 10 percent more than the import goal. As a result, developments late in 1956 and early in 1957 seemed to disrupt the government's carefully laid plans for the chemical fiber industry. The market for rayon staple fiber softened, stocks rose to unprecedented levels, and prices fell to a figure that approximated production costs. Late in 1956, cotton's competitive position improved as the price of cotton responded to the U.S. Government's export pricing policy. The price advantage that rayon staple had historically maintained almost disappeared.



Photos from Mitsukoshi Dept. Store, Tokyo

Imaginative Japanese promotion pays off in cotton textile sales. Above, nearest camera, "Little Master Cotton Fiber is very strong when pulled"; right, Cotton Queen—classic style.

Despite this temporarily favorable situation, the basic fact cannot be overlooked. If the chemical fiber industry undergoes the great expansion planned in the near future, the cotton textile industry will be relegated to second place, unless the present trends come to a halt.

## Consumption Trends

Consumer purchasing habits may not be following the pattern set out by the government planners. A consumer preference study conducted by the All Japan Cotton Spinners' Association in February 1954 showed the relative strength of cotton and weakness of chemical fiber products in the Japanese home market. And studies made last year continued to bear out this consumer preference for cotton.

Notwithstanding these stated preferences, textile consumption patterns have shifted significantly in recent years. Average consumption of the three main fibers—cotton, rayon, and wool—was 10.7 pounds per person in 1934-38 and 14.1 pounds in 1955. But rayon accounted for all this increase, besides dipping into the share of wool and holding cotton to the prewar level. Rayon's share increased from 12 percent to 36 percent, while cotton's dropped from 75 to 57 and wool's from 13 to 8. The total that the Japanese Council for General Policy on Textiles is aiming at for 1960 is 15.4 pounds; and the government estimates that chemical fibers will account for 47 percent of this, cotton for only 41, and wool for 12.

Signs have already appeared, however, that indicate a change of thinking within the Japanese Government as to the competitive aspects of cotton and chemical fibers. For instance, official plans are reported to allow more cotton for clothing in 1957 than in 1956. In addition, domestic demand for cotton goods during the last half of 1956 exceeded earlier expectations by 4,000 bales a month. This rise was attributed to the stabilized price and to strong consumer demand. These changes may indicate a reversal of the sharp trend in favor of chemical fibers that appeared in MITI's official long-range plans. Too, some Japanese officials appear to feel that activities aimed at boosting the domestic consumption of cotton may help to keep the synthetic fiber industry on its toes in its own domestic marketing. Cotton promotion campaigns, jointly sponsored by the U.S. Department of Agriculture, the Cotton Council International, and the Japanese cotton textile industry, are undoubtedly responsible in part for increased consumer interest in cotton products. Taking a leaf from cotton's book, some chemical fiber industry leaders have indicated an interest in embarking on the same kind of market promotion activities.

### The Foreign-Exchange Conflict

Prewar Japan depended upon textiles for 50 percent of its export earnings and upon metals and machinery for only 10 percent. At present, however, metals and machinery are earning 33 percent of Japan's foreign exchange and textiles somewhat less than that.

All of the raw material for the Japanese cotton textile industry must be imported; but in the 5-year period 1935-39, exports of cotton yarn and fabric averaged only 80 percent of the value of raw cotton imports. In 1954, this ratio dropped to an estimated 70 percent. The Japanese have felt it imperative to reverse this trend, and have put strong emphasis on exports of cotton products. In 1955 and again in 1956 these efforts paid off. Even though international competition in the textile export trade is getting rougher, Japan's cotton textile industry has earned more foreign exchange in each of the past 3 years than it did in all but one of the previous postwar years.

For its chemical fiber industry, at present production rates, Japan can find at home practically all of the raw materials it needs except wood pulp, 20 percent of which must be imported. In 1956, imports of wood pulp for the chemical fiber industry amounted to $26.5 million, and exports by the industry to $235.3 million, leaving a favorable balance of about $208.8 million.

### Exports, Present and Future

Japan ranks second only to the United States in exports of chemical fibers. Since 1954, about 40 percent of all Japanese production of filament yarns has been exported. Rayon staple manufacturers also have depended heavily on exports; since 1954, they have shipped abroad more than 30 percent of their output. In contrast, though more than 75 percent of Japan's cotton cloth production was exported during 1934-36, this ratio dropped to 38 percent in 1955 and 35 percent in January-September 1956.

The basic philosophy governing the Economic Planning Board's 1963 export goal calls for increasing the exports of—

**"goods which require skilled techniques in manufacturing and of which the production is efficient . . . goods which will serve to strengthen the industrial system . . . special products of our country capable of earning much foreign currency and goods which can be manufactured out of domestic raw materials."**

The goals projected for textile exports reflect this philosophy. Exports of cotton yarns and fabrics are projected at 87 and 113 percent of the value of 1955 exports; but exports of rayon staple fiber are forecast at 900 percent of 1955, rayon staple and filament yarn at 190 percent, and rayon fabrics at 172 percent. Exports of all clothing together are expected to increase about 17 percent.

The Japanese well understand how essential exports are to the stability of their chemical fiber industry. In this endeavor, they are counting on the competitive price of chemical fiber products as compared with other textile products and the low cost of Japanese chemical fibers as compared with those of other countries.

### Outlook

Is it necessary to assume that Japan's chemical fiber industry will gain only at the expense of its cotton textile industry—that the situation in Japan, or any other country for that matter, is a tug of war between two segments of one industry fighting for the largest piece of a static market? Or, is there room for the growth of both cotton and chemical fiber industries, through a continued high level of economic activity, an improved standard of living, and a constant rise in population?

The manufacturers of rayon staple fiber—the bread-and-butter item among the chemical fibers—are not apprehensive about their expansion plans. A temporary imbalance occurred late in 1956 and early 1957 between the production and spinning of rayon staple fiber. Nonetheless, producers are going ahead with plans to boost output from the present level of 60.5 million pounds a month to about 70 million pounds a month by early summer. Industry leaders expect that the additional fiber will be absorbed by the half-million more spindles scheduled to be installed by mid-1957. They are also counting on the inexpensiveness of rayon products as compared with comparable cotton items, and the tremendous strides constantly being made in quality improvement. The rayon industry also takes some comfort from the fact that rayon pulp prices are set by tripartite conferences between representatives of the government, the pulp manufacturers, and the chemical fiber manufacturers; thus the users have some influence over the prices of their major raw material. The crowning argument for optimism in the industry is the support it gets from the government because of its low foreign-exchange requirements. This argument loses considerable force when the foreign-exchange reserve of the country is good, as it was at the end of 1956.

What will keep the chemical fiber industry from running away with the textile industry of Japan? The foremost obstacle is the present competitive price of raw cotton, which was a direct result of the U.S. Government's cotton export pricing policy. This com-

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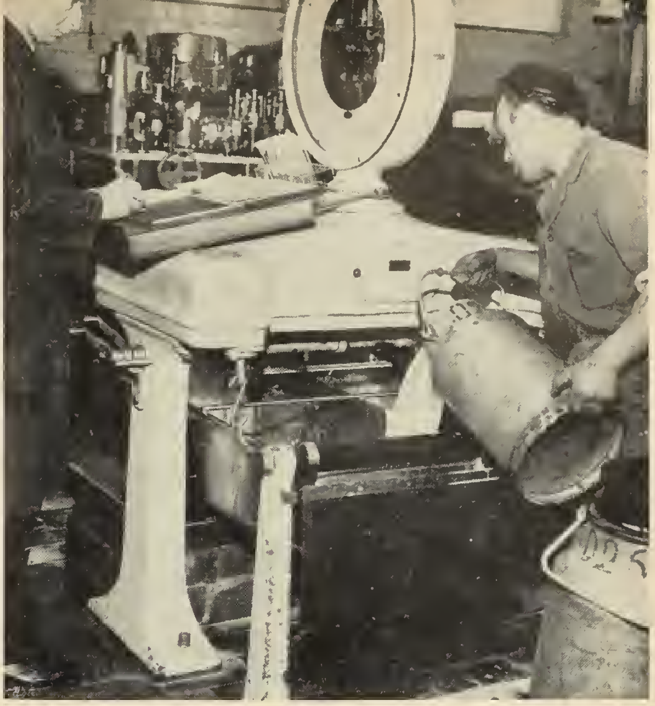
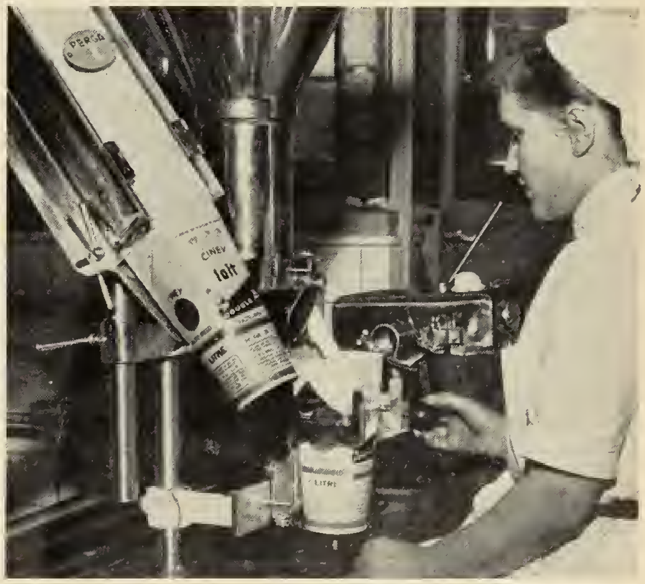


# Belgian Plant Pioneers In Delivery of "Double A" Milk

Milk plant at Ciney, Belgium, sets high standards in output and delivery of Grade AA. Left, milk being refrigerated as soon as it leaves the cow; right, being weighed at the plant; below, being put in cartons.



Belgian dairymen are watching with interest an experimental milk delivery service now being operated for American residents in Brussels. In October 1955, an outstanding farmer-cooperative—Le Lait Intégral, located at Ciney in central Belgium—was asked to undertake doorstep delivery of Grade AA bottled milk to American homes. In setting up the service, the plant worked closely with Agricultural Attaché John I. Kross, representing its American customers, and with the Belgian Government's Office of Milk and Milk Products.

By December 1955, Ciney was delivering 85 quarts a day of Grade AA milk to Americans in Brussels; by December 1956, more than 210; and the trend is still upward. The success of this pilot project is encouraging other Belgian milk plants to move into the production and home delivery of bottled "Double A."

**Ciney is first Belgian plant to make home delivery of bottled Grade AA.**

# Coffee and Cotton Bring Prosperity to Uganda

By ROBERT C. MONCURE
African and Middle East Analysis Branch
Foreign Agricultural Service

Less than a century ago when the English explorer J. H. Speke discovered Uganda, he found strong political groups in what are now the native Kingdoms of Buganda and Bunyoro. But he also found most of the people working with primitive tools and farming at a subsistence level. Today this British protectorate is one of the most prosperous areas in East Africa. It grows more cotton than any other British colonial territory. It is the British Commonwealth's biggest coffee producer. And since the war its total overseas trade has multiplied tenfold.

Uganda's prosperity comes largely from its cotton and its coffee. Together the two crops account for more than two-thirds of the total value of the territory's overseas exports. Traditionally cotton has been its most valuable export, most of it going to India. But, in 1955, coffee replaced cotton in first place. Moreover, in the same year the United States became Uganda's best coffee customer.

Cotton was introduced into Uganda in 1904, some 10 years after the area came under the protection of the British Crown. Within 20 years it had become an important export. Production has temporarily stabilized at around 300,000 U.S. bales a year.

Recent reports give indications that Uganda's 1956 cotton crop brought higher average prices than the 1955 crop—despite the closing of the Suez Canal, higher freight charges, and other adverse factors—and that West Germany bought a large share of the 1956 crop.

## Expansion of Robusta

Uganda's coffee exports have skyrocketed in recent years. Uganda grows Robusta coffee, which is less expensive than the mild, full-flavored Arabicas grown in Latin America and at high elevation in parts of Africa. Robusta is native to Uganda and adjacent territories and does not require the intensive cultivation required by cotton. Stimulated by stabilized prices and improved seedlings from government nurseries, its production has expanded rapidly, making Uganda the world's second largest producer of Robusta.

As people began drinking more instant coffee in the United States—some of the instant coffees are made by blending with Robusta—U.S. imports of Robusta increased. In 1955 the United States more than doubled its coffee purchases in Uganda, taking some $17.2 million worth of the territory's $56.3 million total coffee exports. Exports will probably expand as new trees come into production, so that coffee should continue to lead—though there is the possibility that cotton might jump ahead some years.

Both coffee and cotton are grown largely on African-owned farms. In fact, except for sugar, tea, and a small amount of coffee, most of Uganda's agriculture is in the hands of the native Africans—in contrast to Kenya, where the majority of the export crops are produced on European-owned plantations. Moreover, African-grown crops account for 94 percent of the value of Ugandan exports. This has given the native population a higher per capita cash income than in either Kenya or Tanganyika and is the source of what is often termed Uganda's "missing millions," the money buried by cautious African farmers.

The two crops—cotton and coffee—are controlled by separate government marketing boards, which operate through licensed buyers. Guaranteed price assistance funds have been built up for all cotton and for the African-grown Robusta coffee, which accounted for 80 percent of the 1954-55 crop of over 75,000 long tons. Native-grown Arabica from Bugisu and European plantation coffee are marketed separately. Substantial reserves have accumulated in both these funds, though for the last 2 years moderate amounts have been drawn from the coffee fund because of the drop in world coffee prices. Recently, too, nearly $30 million from these reserves have been channeled into expanding education and social services.

## Tobacco—A Growing Industry

A third element in Uganda's prosperity is its growing tobacco industry. Uganda's cigarettes are the most valuable single item in duty-free interterritorial trade in British East Africa. Local tobacco production is expanding, and so are raw tobacco imports from

**Uganda** is a land-locked British protectorate in East Africa, lying astride the Equator, south of the Sudan and west of Kenya. In size, it is slightly smaller than the State of Oregon. The average elevation is around 4,000 feet. Its terrain is fairly uniform, except for towering mountains on the Congo and Kenya borders. Within its borders lies most of Lake Victoria, source of the White Nile. The climate is moderate, with a narrow temperature range. Rainfall varies from 25 to 70 inches. Of its 6 million people, about 7,000 are Europeans and 53,000, Asians—principally Indians. Cotton, coffee, tea, hides and skins, and cottonseed cake are the principal overseas exports.

Cotton picking in Uganda. Grown largely on African-owned farms, cotton is one of country's leading crops.

Photos from Uganda Dept. of Info.

Until more highways open up, farmers carry cotton to market, the women balancing bundles on head.

Tanganyika and Kenya. In 1955, Tanganyika's shipments to Uganda totaled 1.9 million pounds compared with 499,000 pounds in 1954, whereas Kenya's were 741,000 pounds as against 663,000 the previous year. In this same year, Uganda imported more than 800,000 pounds from overseas sources, nearly half of which came from the United States. But in spite of these larger tobacco purchases, the territory's expanding cigarette exports to Kenya and Tanganyika would indicate that domestic production of cigarette leaf has been underreported in recent years. Furthermore, U.S. tobacco is facing increased competition from the Federation of Rhodesia and Nyasaland and from Tanganyika.

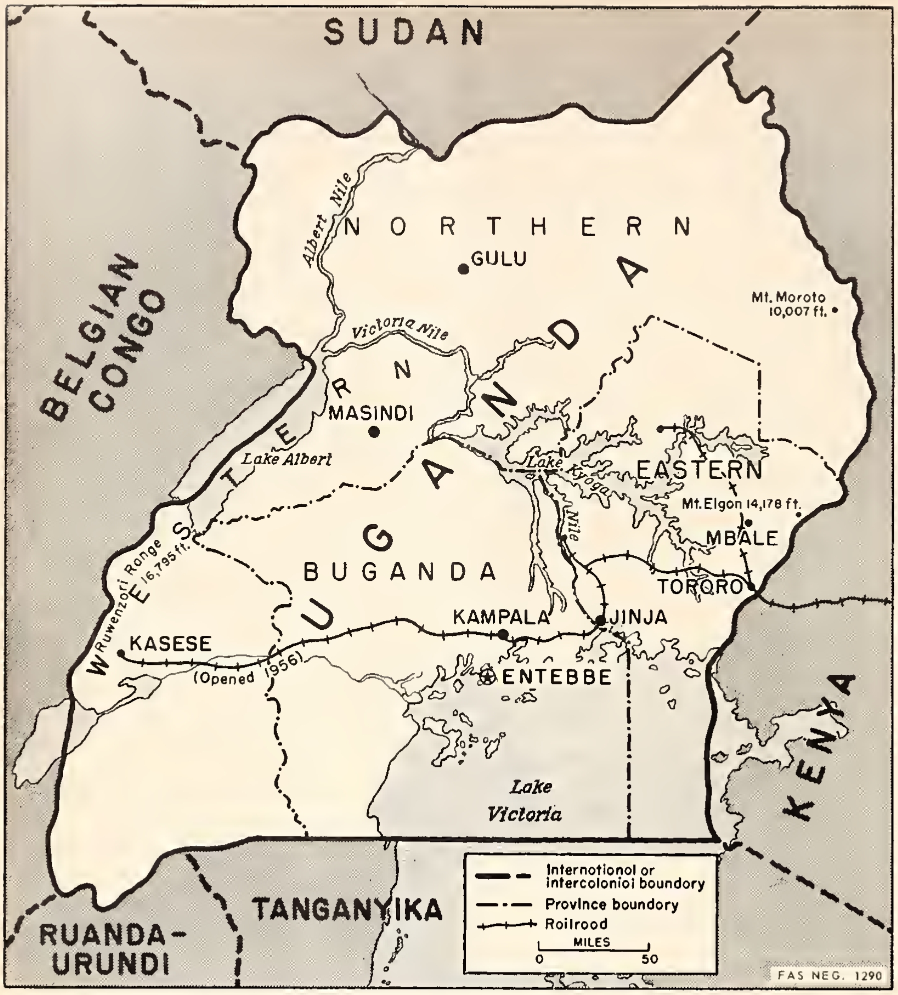
Uganda is fortunate not only in having no severe pressure on the land but in possessing substantial areas still available for cultivation. Except for rice, some tobacco, confectionery products, and small quantities of processed foods, the country's food, beverage, and tobacco needs are met by home production or imports from Kenya and Tanganyika. Millet, corn, bananas, grain sorghums, beans, root crops, and moderate quantities of meat and dairy products—most of the last two come from Kenya—are the main foods consumed. But Uganda, like the other East African countries, is using more wheat flour; consequently Kenya, which supplies flour to most of these countries, may have to import wheat if it is to meet Uganda's needs.

### Industrial Development

Every effort is being made to diversify agriculture and make the country less dependent on cotton and coffee. At the same time, the government is fostering Uganda's industrial development, which lags behind that of Kenya. In this Uganda is blessed in having excellent all-year sources of electric power. The large Owens Falls hydroelectric scheme on the Nile, opened by Queen Elizabeth in 1954, now furnishes power for Uganda's industries and this year will begin exporting power to parts of Kenya.

Highway and rail transportation is also moving ahead. In 1956, a 200-mile railway extension was opened from Kampala to Kasese, in the foothills of the Ruwenzori Mountains—the legendary Mountains of the Moon—on the Congo border. This rail line will serve the mining area near Kilembe, but by opening up a somewhat isolated part of southwest Uganda, it will probably boost production of cattle, cotton, and coffee. It will also provide more rapid transportation for

Drying Robusta coffee on large estate. Most coffee, however, is grown on native farms and brought to market in bags (below).



dairy and other products to the Congo from Kenya.

Uganda's industries, sponsored by the Uganda Development Corporation, include copper and cobalt mining, cement production, and the new Nyanza Textile Industries. In partnership with private industry, the Corporation is investigating what is reported to be the world's largest phosphate deposit, at Sukulu, near the Kenya border. Because of the need for cheap phosphate fertilizers throughout East and Central Africa, this deposit promises to be an important source of income for the territory.

Industrial development to a large extent has changed Uganda's imports in the last few years. The territory continues to have a favorable visible overseas balance of trade, but this balance was nearly halved in 1955 by heavy industrial imports, part from the United States. While there are no preferential tariffs affecting U.S. agricultural trade, dollar import licenses are required and U.S. agricultural commodities must face the competition of duty-free entries from Kenya and Tanganyika.

## Japanese Textile Industry

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petitive price, beginning in the spring of 1956, was responsible to no little degree for driving down the price of rayon staple fiber and taking most of the profit out of the rayon business. At the same time, a vigorous cotton promotion campaign has reawakened Japanese consumer interest in cotton products. This campaign may have had some influence on the Japanese Government's willingness to reassess cotton import requirements.

The chemical fiber industry will have some troubles unrelated to cotton's improved competitive position. A major problem is a continued supply of wood pulp cheap enough to permit the profitable sale of the staple fiber output at current prices and certainly at competitive export prices. The long-term trend of pulp prices in Japan is upward; lumber companies have used most of the easily accessible timber. Imported rayon pulp has been selling for less than domestic; but here exchange requirements enter in. Even were domestic pulp production not complicated by the timber problem, pulp prices would be likely to increase solely from the pressure of increased demand.

Also on the dark side of the chemical fiber picture is the serious possibility that export markets, on which the Japanese place great reliance, cannot continue to expand at the present rate. This possibility exists not only because of diminished marketing opportunities, but because of the tendency of foreign countries to protect domestic markets against the influx of inexpensive Japanese goods. The techniques used against Japanese cotton-goods imports—ranging all the way from exchange controls to the less polite direct import quotas—may well be turned against chemical fiber products too.

So far, the outlook is cloudy. Many factors are at work shaping the future of the Japanese textile industry—some of them beyond the control of any single government or industry group. There is room for some expansion of both the cotton and chemical fiber industries; but the skill of each group in solving its production and marketing problems remains of paramount importance.

The job of selling raw cotton to Japan may be difficult over the next few years. However, the opportunity to expand raw cotton sales still exists, and success will depend directly on two things: the United States' ability to meet the competition of rayon staple and foreign cotton both in quality and in price; and Japan's ability to maintain a reasonable balance-of-payments position with the dollar area.

## Tallow to Japan

*(Continued from page 6)*

say, we reported the specific instances to the secretaries of the association in the particular areas from which the faulty drums were shipped. We have explained the situation further since returning from Japan. We have showed movies and slides and given talks to make sure that every U.S. producer understands the importance of meeting contract specifications with room to spare, and having his tallow packed in sound, clean drums that are properly marked.

On the other hand, we have made some suggestions that we think may help the Japanese industry in checking the quality of the tallow it receives from us. We noticed that in sampling a drum of mushy tallow the Japanese used an open auger, which allowed much of the tallow to run off. So we recommended the U.S. practice of using different kinds of tools for sampling tallows of varying consistencies. The Japanese immediately began to design equipment after the patterns we showed them. We also discussed with them the most practical ways of checking and cleaning tanks and barges, to reduce the possibility of the tallow's deteriorating after it was landed.

With us throughout our trips to Japanese docks and factories were one or more members of the staff of the U.S. agricultural attaché in Tokyo. These men are now familiar enough with sampling and analyzing procedures to make the necessary simple observations on the spot and report to us if future shipments give rise to any problems. This fact alone will go far to persuade our Japanese customers that we are truly interested in taking care of their requirements.

## Portugal Has Good Olive Oil Year

Olive oil production in Portugal from the 1956-57 crop has been officially forecast at about 100,000 short tons—a record for a "low" years. The "high" year output in 1955-56 only reached 76,000 tons as a result of unusual dacus fly damage and bad weather.

# Britain Again Increases Agricultural Guarantees

United Kingdom farmers got a $40 million yearly increase in agricultural guarantees as a result of the 1957 Annual Review of the economic conditions and prospects of agriculture, held recently in accordance with the Agriculture Act, 1957.

This increase is more than the minimum required under the recently announced long-term assurances.[1] However, it offsets only 38 percent of the increase in relevant farm costs; these increases are an estimated $106 million for review commodities out of some $134 million for all commodities. The other 62 percent, in the government's view, is more than covered by increases in efficiency, which can be valued at $70 million a year according to the government's broad estimate.

Price guarantees for the individual review commodities have been adjusted to encourage the shifts in production that are desired both from the domestic standpoint and for the country's international trading position, especially as it relates to the Commonwealth.

To quote from the White Paper (Cmnd. 109), "the main objective continues to be that production should be more economic. This calls for a selective expansion of net output with the main emphasis on the substitution of home-grown feedingstuffs, including grass, for imports and on economies generally in the use of imported materials."

The government would like to see arable acreage maintained at about the current size but with more emphasis on feed crops; greater reliance on home-produced resources in maintaining a large livestock population; and the production of "more good quality beef and lamb, but no more milk, eggs, pigmeat, or wheat. Indeed, in present circumstances, less milk and eggs than the quantities in present in prospect are needed."

Accordingly, price guarantees have been increased by 3.3 percent for fat steers and heifers; 3.9 for fat sheep and lambs; 1.8 for barley; and 10.8 for oats. The price guarantee is also up for fluid milk, but by less than 1 percent, and for sugar beets and potatoes. It is unchanged for fat pigs and wool and down for eggs by 3.5 percent, for wheat by 3.9, and for rye by practically 4 percent—the maximum reduction permitted in any year for individual commodities under the long-term assurances.

Existing production grants, which amount to about $196 million a year, are being retained in general. However, the nitrogen fertilizer subsidy will be increased by an amount that requires additional payments of some $8.4 million. Also to be made are minor extensions in the lime subsidy and the grants for plowing up grassland that has not been cultivated for 3 years or more.

A change in the value of price guarantees and production grants does not imply a corresponding change in the cost to the Exchequer. This cost depends in large measure on the volume of output of supported commodities and the extent of the gap between farm prices and guaranteed prices that must be filled by deficiency payments. Largely as a result of heavy payments on fat cattle and sheep and on eggs, Exchequer costs of agricultural support in the financial year 1956-57 rose to $686 million, compared with $574 million in the preceding year. According to the White Paper, present production and market prospects, together with the new farm improvement scheme, make a further increase in costs seem likely.

Support for agriculture is not confined to price guarantee subsidies and production grants. But payments under these two heads alone amounted to about one-third of the total income of agriculture in 1956-57.

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Prepared in the European Analysis Branch, Foreign Agricultural Service.

[1] *See* "Long-Term Supports Proposed for British Agriculture." *Foreign Agriculture*, February 1957.

# Angola Accelerates Its Farm Output

Angola, a southwestern African country slightly larger than Texas and California combined, has been slow in developing its natural wealth. But in the last few years, the predominantly agricultural Portuguese colony has accelerated its efforts to expand agricultural production. Its range of altitude permits production of both tropical and temperate zone crops. Present efforts are concentrated on livestock, wheat, corn, and coffee.

High in the moist upland plains, 5,000 feet above sea level, the Portuguese Wool Association is operating a 40,000-acre sheep and cattle ranch. Here research workers are improving ranges and cultivating pastures and forage for silage and grazing. And they have experimented with sheep breeding to determine the types best suited to the area. The Alemtijo type from southern Portugal and the Soissons, a French merino type, also from Portugal, have proved most adaptable. The ultimate objective of the ranch is to supply beef, pork, and mutton to Angola and the Belgian Congo; and to provide wool for Portugal.

The Benguela railway will facilitate transportation of livestock products. This rail line—837 miles long and the longest in Angola—bisects the colony from the port of Lobito to the Belgian Congo where it connects with the Congo's Katanga rail system.

Wheat is also on Angola's future agricultural schedule. The people of Angola are using more wheat flour, and at present, the United States is meeting most of the demand. But Angola hopes to introduce large-scale production of summer wheat into the area soon. Researchers are working on the rust problem which, up to now, has deterred growth.

Corn has long been one of Angola's major crops. Commercial production has jumped by 180,000 metric tons since 1954, to the present 300,000 metric tons. Farmers, experimenting with hybrids, have reported a 20-percent gain in yield over the variety regularly planted; and hybrids on experimental farms are yielding even higher.

As in central African countries, Robusta coffee is native to the area. Robusta today is in great demand because of its lower price—and also because it is used in many of the instant coffees. In 1955 Robusta coffee exports from Angola totaled 60,000 metric tons. In 1956 this total increased 50 percent.

# Baby Chicks Star at Verona Fair

Photo by Lucio Gorzegno

The most popular U.S. feature at the recent International Agricultural Exhibit in Verona, Italy, was the baby chick hatcheries. These were part of a large livestock feed exhibit designed to show Italian farmers how more poultry and eggs can be produced at less cost through better poultry nutrition. Exhibit was so successful that it will be repeated at the Palermo Fair this month.

## Two FAS Tobacco Publications Released

Two publications analyzing the world tobacco situation are now off press. One of these publications deals with history, culture, and types of leaf production around the world, and the other views the foreign marketing situation.

Both are available in limited quantities upon request.

## New Zealand Target

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unless a more flexible immigration policy is adopted to increase the labor supply.

More fertilizer and more equipment will be needed. Currently well over a million tons of fertilizer are used each year and by 1975 this amount will probably be doubled. Only by building additional fertilizer plants closer to the farming areas can this problem be met. As for mechanized equipment, though New Zealand has relied on mechanization for many years, such things as heavy tractors, specially equipped aircraft, hay-making machines, and so forth will be in increased demand. New Zealand's ability to supply these production essentials will be determined largely by the farmers' efforts to keep production costs in line with foreign market returns for agricultural exports.

# Burma Finds Barter Deals Unsatisfactory

By Margaret M. Bever
Far East Analysis Branch
Foreign Agricultural Service

As one of the world's largest rice-exporting countries, Burma obtains more than three-quarters of its foreign exchange earnings from this commodity. Consequently, when rice marketing difficulties became acute 2 years ago, Burma was in a bad financial fix. To solve its difficulties it turned to barter agreements with the Communist Bloc. Dissatisfied with the results, Burma has recently taken steps to return to traditional trading methods.

Burma's rice exports account for 40 percent of its national income. These exports are handled by a government monopoly, with sales mostly on a government-to-government basis. Following the Korean boom, the monopoly failed to recognize that the rice market had shifted from a buyers' to a sellers' market. Instead, it followed an unrealistic pricing policy, and neglected to improve marketing practices and facilities. Moreover, the quality of Burmese rice was generally poor.

Some prospective customers turned to other markets, and Burma's rice stocks reached unmanageable proportions. This brought on the serious problem of rapidly decreasing foreign exchange and the consequent impairment of major development projects. Rather than reduce prices, the Burmese Government turned to bilateral agreements; and it soon became the policy to enter into barter arrangements with any country willing to accept the price asked for rice in return for capital goods, consumer goods, and services.

## Agreements Signed

Barter agreements were signed first with East Germany, Czechoslovakia, and Hungary. Burma obtained milling machinery, locomotives, chemicals, and other goods in exchange for rice and limited amounts of rubber, tin, wolfram, lead, silver, and tea. Then in July 1955 Burma signed its major agreement with the USSR. This agreement stipulated the delivery of 400,000 tons of rice annually for 4 years on a barter basis for Soviet machinery, equipment, and services. Soon after, followed agreements with Communist China, Poland, and Rumania, so that by the first quarter of 1956 barter deals had been made with all the major Communist countries in the world.

These barter transactions helped to reduce Burma's rice stocks, but they were by no means entirely advantageous. Though Burma received higher prices for rice under barter, the goods received in return fell short of expectations. They were not only high priced; they were frequently low in quality. Inexperienced government missions, charged with procuring the goods to be exchanged for rice, made hasty commitments in barter-agreement countries without proper coordination in Burma. This resulted in such things as excessive purchases of cement in Russia for delivery in Burma during the rainy season and the buying of cast iron pipe in Communist China by weight instead of by length. Much of the cement hardened for lack of warehouse space while the pipe turned out to be somewhat expensive.

Of the barter-agreement countries

(*Continued on next page*)

Photo by Carl O. Winberg

In Burmese markets rice is piled on mats in front of bullock carts (below) and measured in wooden boxes (right).

Courtesy of H. L. Buckardt

**Surplus U.S. Foods Feed Korean Children.**—Korean refugees and their children line up with their dinner pails at a feeding station near Yongdung-po where woman worker ladles out hot meal made from U.S. surplus commodities. Food is donated by the United States and distributed by various relief agencies.

## Australia's Farm Income Expected to Rise in '57

Australia's farm income may be up 9 to 12 percent this year—the first rise since 1952-53, according to William McMahon, Minister of Primary Industry. He gave as the reason for this rise the substantial increase in wool prices which has more than offset income declines in other commodities.

Mr. McMahon also stated that an important feature of the 1956-57 wool income was that more farmers were receiving a share of it. A diversification of farming has followed a cut in wheat acreage and increased emphasis on stock farming. This has resulted in over half of Australia's sheep being run in the farming areas. Thus, a greater proportion of small landholders are running more sheep and participating to a greater extent in the wool clip income.

Agriculture has contributed substantially to Australia's favorable export balance of $201.6 million for July-December 1956. Wool and sheepskins have provided $92 million increased exports; wheat and flour, $40 million; and sugar $13 million. Meat exports declined, but provided $56 million.

## Soviet Bloc Favored By Egypt's Controls

Egypt, this year, established regulations designed to alleviate its severe foreign exchange shortage.

Under one regulation, all government departments were instructed to cancel import orders placed with the United States and West Germany unless the suppliers would accept payment in Egyptian pounds from any one of the clearing accounts of Hungary, Rumania, Czechoslovakia, Poland, or Yugoslavia; or unless one of the listed countries made dollars available for payment.

Under another regulation, applications for import permits from hard currency countries must be reviewed by an interdepartmental committee; those from the Soviet Bloc need only the approval of the Director of the Import Control Office.

U.S. and West German exporters are not likely to accept payment in Egyptian currency and, since few dollars can be expected from the Communist countries, Egyptian imports from the West will probably drop, enabling the Communist Bloc to increase its share of Egypt's total trade.

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*(Continued from preceding page)*

only Communist China has supplied a substantial range of consumer goods, and only Czechoslovakia and East Germany, the capital goods needed. The USSR, with which Burma has the largest exchange credits, has either been unable or unwilling to meet Burma's requirements. As a result of this unbalanced supply situation among the barter countries, Burma's purchases from China and Czechoslovakia exceed its earnings from exports to these countries, while a large part of its barter accounts are left unused. To remedy this the Burmese Government has tried to get barter credits transferred from the USSR and other Communist countries to those Bloc countries which can supply the commodities desired—but apparently only limited success has been achieved.

### Trade Pattern Changed

By its rice-marketing policies, Burma has changed the country's trade pattern drastically. Prior to 1955 Burma's trade with the Bloc countries amounted to about 3 percent of total trade. Today it accounts for approximately 25 percent. India, Japan, and the United Kingdom—reciprocal trading partners of Burma—have suffered. But because many of the agreements with barter countries are extended over a period of 3 to 5 years, trade relations with the Bloc countries will probably be continued. For a country trying to maintain a neutral position, this presents the problem of increased contacts with the Communist countries.

Not all the credit for depletion of Burma's rice stocks can be given the barter transactions. Burma's Government, recognizing its mistaken practices, early in 1956 lowered rice prices in line with the world market price. Cash buyers appeared on the market and rice stocks declined rapidly. By the beginning of 1957 the apparent world rice surplus had vanished; and Burma, still committed to fulfilling heavy barter agreements, finds itself with not enough rice for cash customers.

Since the barter agreements are not yielding the hoped-for returns, Burma has definitely stated a preference for cash buyers. So strong is the demand for Burmese rice on a cash basis—and there is every indication that this demand will continue—that heavy reductions in exports to barter countries are desirable. To this end Burmese officials have been negotiating with the Communist countries, and some success has been reported. Thus, by reducing barter commitments and boosting cash sales, Burma, in view of the good 1957 crop that is expected, might again look forward to larger foreign exchange earnings. And the economic development projects which have been slowed almost to a halt by shortage of funds could be resumed.

## Has Technical Aid Justified Itself?

"Technical Co-operation in Latin-American Agriculture": A complete report on technical aid to the agriculture of Latin America. By Arthur T. Mosher, 443 pp, University of Chicago Press. $6.00.

Various U.S. and international agencies, for well over a decade, have extended technical aid to the agriculture of Latin America. To find out what these programs have achieved—and also to what extent they have justified the expenditures in money and manpower—Professor Mosher of Cornell University, under the auspices of the National Planning Association, made a study of the area. This study was purposely concentrated on activities in Latin America—not because they were the most important or best programs in the world, but because many of them were tried out there for the first time. Also, a greater diversity of programs had been developed there.

Was this sharing of useful knowledge helping the underdeveloped countries to help themselves? And what were its benefits to the United States? These questions Prof. Mosher answers in a frank but scholarly manner, analyzing each of the programs and its relationship to the general culture of the area and its agricultural potentials.

Prof. Mosher finds a marked increase in efficiency of the programs over the years, but regrets the current trend of applying conventional economic criteria to results. The real value of technical assistance, he says, is less in its immediate impact on production than in the increasing capacity of people in each country to solve their own future problems. Even if programs have not seemed to pay off, he believes that broader political considerations would demand that they be continued and be made more effective.

The Latin American countries not only have rich opportunities to develop their agriculture but have large stakes involved in it. But, as Prof. Mosher points out, many of them have been looking for greener pastures in their efforts to industrialize.

# USSR Boosts 1957 Farm Goals Still Lagging Behind 5-Year Plan

Though the USSR has increased its 1957 procurement goals for certain agricultural commodities over those of 1956, these goals are still below the annual production goals required by the current Five Year Plan. Moreover, the Soviet Union's drive to develop virgin lands, which has added some 88 million acres to cultivation in the past 3 years, is slowing down. The tentative goal now is for only 10 million to 12 million more acres in 1957.

As announced at the Supreme Soviet early this year, the 1957 economic plan is somewhat sketchy as it pertains to agriculture. Procurement (that part which the state acquires from the farmer) goals for a number of agricultural products were omitted. Those that were given were stated merely as percentage increases over 1956, for which no absolute figures were divulged.

Such important crops as wheat, sunflower seed, flax, and potatoes, for example, were not mentioned. But it is to be assumed that the Soviet Union's current procurement goals for these crops will be maintained; for, in announcing the plan, M. G. Pervukhin, top Soviet planner, stated that revision in the original 1957 targets was to be made only for meat, wool, eggs, cotton, milk, and sugar beets, and that the grain target remains unchanged.

At the request of the ministerial councils of a number of the constituent republics, according to Pervukhin's announcement, the previous 1957 targets for all of these crops except milk had been reduced. Yet, in spite of this reduction, this year's procurement goals in most cases are considerably higher than those of 1956.

The following table shows this clearly. While one of its columns deals with procurements and the other with production, nevertheless, these figures are significant since Soviet procurements are roughly related to expectations of increased production.

| | 1957 plan of procurements increase over 1956 | Average annual rate of production increase required by 5-Year Plan 1956-60 |
|---|---|---|
| | *Percent* | *Percent* |
| Meat | 14 | 20 |
| Milk | 12 | 19 |
| Wool | 10 | 16 |
| Eggs | 23 | 31 |
| Cotton | 3 | 11 |
| Sugar beets | 14 | 11 |

For meat, wool, eggs, and sugar beets, procurement goals have been boosted substantially over those of 1956. While the milk increase appears to be large, milk procurements in 1956 increased nearly 29 percent. Yet as the second column of the table indicates, the increases in the 1957 procurement targets are smaller for all of the commodities, except sugar beets, than the average rate of annual increase in agricultural output required to fulfill the unrealistically high goals of the Five Year Plan.

Limited as this information is, it represents an innovation in Soviet planning. Since World War II no Soviet yearly plan has specified its goals in advance. If given at all, they were reported at the end of the year in terms of percentage fulfillment. This year the USSR made a new move. Actual production goals for important industrial commodities were given—and some of the procurement targets for farm products.

The basic reason for this difference in reporting procedures may lie in the fact that since 1955 Soviet agricultural production planning has been officially decentralized. Today the Soviet Government plans only the procurement of farm products on a national scale, while production planning, at least theoretically, is the function of collective and state farms. That this pattern of grass roots planning is not always adhered to is evident from the numerous criticisms of interference by local authorities in the planning of collectives. Furthermore, local production planning has been obliged to follow certain national policies, such as the vast expansion of corn acreage and the new land development program.

# TRADING POST

## Ecuador Sets Cotton Prices

Ecuador has established minimum cotton prices to be paid to growers and to be charged by ginners. Prices for seed cotton delivered to ginners range from 11.55 cents per pound to 8.91 cents. Ginned and baled cotton is to be sold at the gin at rates ranging from 34.98 cents per pound to 31.02 cents.

Cotton production for the 1956-57 crop year, estimated at 13,000 bales (500 pounds gross), will be less than the 1955-56 crop. Annual imports in recent years have averaged about 5,000 bales—principally from the United States and Peru.

## U.K. Taking More U.S. Farm Products

The United Kingdom bought $50 million more farm products in 1956 than in 1955. Most of the expansion was in grains, fruits and vegetables, and cotton. The U.S. share of Britain's grain imports increased from 22 to 26 percent; fruits and vegetables, from 2 to 4 percent; and cotton, from 27 to 30 percent. These products and tobacco—in which the U.S. share declined slightly—account for about four-fifths of the value of all U.K. imports of farm products from the United States.

## Kenya-Rhodesia Joined By Truck Line

The first truck line from Nairobi, Kenya to Ndola, Northern Rhodesia, is now operating. Trucks will carry canned butter, tea, bacon, coffee, and other Kenya products to the Northern Rhodesian copperbelt towns and will return with clothing, textiles, and lightweight manufactured products. The new route covers more than 700 miles and the trip is expected to take 5 to 6 days each way.

## Yugoslav Dairy Plant Completed With U.S. Aid

Yugoslavia has built a $350,000 modern dairy plant. Over $200,000 was supplied by U.S. Government funds derived from surplus commodity sales under Section 550 of the Mutual Security Act.

The plant is built in the Koper district (a part of the Slovenia coastal area). Here there are about 17,000 dairy cows—mostly of the Brown Swiss variety—which should be adequate to supply the plant's needs.

About half the daily capacity of 22,000 pounds will be used for bottling milk, a fourth for making butter, and the remainder for manufacturing Gruyere and Trappist-type cheeses and yogurt.

## France Importing Beef and Cattle

France reversed a long-standing trend and became a net importer of beef and slaughter cattle in 1956. High meat prices and rising consumer demand attracted large imports of beef from the Netherlands and Denmark, and of slaughter cattle from Ireland, the United Kingdom, and Denmark.

France has suspended the usual 35-percent ad valorem tariff on both beef and slaughter cattle imports, and imposed a small tax on cattle exports in order to hold down the cost of living and assure domestic supplies of meat.

## Argentina Doing Soybean Research

Argentina is experimenting with soybeans. The Ministry of Agriculture—for the first time—has entered into a cooperative agreement with a private concern. This company, experimenting with some 70 varieties of soybeans, will study variety testing, cultural methods, and industrial uses.

## United States Selling More Meat Abroad

The United States exported 75 million pounds more carcass and variety meats abroad in 1956 than in 1955.

U.S. exports of fresh and frozen variety meats rose from 45.9 million pounds in 1954 to 99.2 million pounds in 1956. Movement to the Netherlands, West Germany, Canada, Sweden, France, and the United Kingdom increased sharply in 1956; and Belgium and Hong Kong became significant markets.

During this period beef exports nearly doubled and pork shipments increased moderately. The sharp increase in beef exports was attributed to large shipments to Spain under an ICA program and to Spain and Israel under Public Law 480. Canada was the other leading market for fresh and frozen beef.

Pork exports continued to rise, reflecting lower prices in the United States. Cuba's pork and ham imports rose to a high level—with the United States supplying most of these. Other leading importers of U.S. pork were West Germany and the Netherlands; and Mexican purchases increased substantially.

## Future Prospects Good For Afghanistan Wool

Afghanistan aims to increase wool, karakul, and hide production under a new 5-year plan and to improve the quality of the output. Merino sheep will be introduced in an attempt to improve the wool clip.

Approximately three-fourths of the 8,000 metric tons of wool and nearly all the karakul skins now produced annually are exported.

## United States Using Less Palm Oil

U.S. imports of palm oil in 1956 were a third less than 1955 and equal to only 8 percent of the prewar average. The postwar decline is largely because of reduced use of palm oil by the steel industry.

## Canada Increases Mustard Production

Canadian farmers seeded an all-time record of 138,000 acres of mustard in 1956—chiefly because of increased Japanese demand for Alberta mustard. Prior to 1956, Alberta's mustard acreage varied from 30,000 to 60,000 acres, with the yellow variety predominating. But Japanese demand in 1956 for the brown, or Oriental, variety resulted in two-thirds of the total acreage being sown to this type. During the 1956 season, contracting companies paid 5 cents a pound for the yellow and 3 cents a pound for the Oriental.

## Switzerland Liberalizes Dry Milk Import Control

Switzerland will allow more dried whole milk imports. The government has issued an ordinance to reduce the amount of domestic dried milk that importers must buy in order to be able to import dry milk. This action was taken because milk manufacturers were unable to supply the requirements of the chocolate factories and other industries which utilize dry whole milk.

## France Has More Foot-and-Mouth Disease

France is troubled with foot-and-mouth disease. The number of farms infected increased from 292 to 3,386 in the last 8 months of 1956. Under the French protection system, exposed animals are vaccinated and infected areas isolated. At present, the Ministry of Agriculture considers the disease to be too widespread to eradicate it by changing to a slaughter program.

## U.S. and Argentina Send Cake and Meal to Eire

Ireland imported 45 percent of its oil cake and meal from the United States in 1956—mostly cottonseed and soybean. About 25 percent came from Argentina, principally in the form of linseed cake and meal.

## France Sets Minimum Prices for Meats

France has announced the minimum support prices for beef and pork carcasses during the 1956-57 season. Beef supports will range from 40 cents (U.S. equivalent) per pound for the highest quality to 19 cents for the lowest grade. The price for pork was set at 37 cents per pound.

The government is pledged to buy meats at the guaranteed prices if the market prices fall below these minimums. The guaranteed prices—which are somewhat below prices that prevailed in 1956—offer little inducement to farmers to expand production.

## U.S. Share of Swiss Poultry Market Rising

Switzerland is buying more poultry and the United States is supplying a larger share of it. During 1956, Switzerland imported 15.5 million pounds of poultry and the U.S. share was 18 percent. This was an increase of 8.0 million pounds over 1953 imports, when the U.S. share was only 1.7 percent. Further increases of U.S. poultry imports are indicated by January 1957 purchases, when the U.S. share was nearly 40 percent.

## New Zealand-Far East Linked Through Shipping

A regular shipping service has been established to link New Zealand, Indonesia, and Malaya. Two refrigerated ships operated by the Dutch Royal Interocean Lines will travel the route over 6-week-run periods.

New Zealand and Australia will ship meat, dairy products, fruits, and paper to Southeast Asia; and will receive rubber, kapok, tea, sago and tapioca, pepper, tobacco, and coffee.

## U.S. Breeding Cattle Bought by Mexico

Mexico has purchased U.S. beef and dairy breeding cattle with $5 million borrowed from the Export-Import bank. Much of the credit for the transaction is attributed to the U.S. agricultural attaché in Mexico, who interested the Mexican people in the superior quality of U.S. breeds.

Most of the purchases of beef cattle were made in New Mexico, Arizona, and Texas. In addition, dairy breeding cattle were bought in Wisconsin and other dairy States.

Most of the original loan has been used, and the Mexican livestock producers have asked the United States for an additional loan of $5 million to buy more cattle.

## Rhodesia and Nyasaland Relax Restrictions

The Federation of Rhodesia and Nyasaland has relaxed restrictions on imports of certain agricultural products.

A specific allocation of $630,000 for importing dollar wheat has been made for the first half of 1957. Licenses will also be granted for other agricultural items—the amount not specified. Included are cotton, infants' food (milk based), butter, vinegar, barley (malted and ground or otherwise prepared), corn (ground or otherwise prepared), eggs (whole or part contents, liquid or dried), tapioca, sago, and arrowroot.

## U.S. Variety Meats Favored by Germans

German imports of U.S. variety meats continue to rise despite regulations requiring importers to pay a 15 percent premium for dollars spent. The premiums are used to subsidize selected German exports. An agreement has been negotiated to remove the premiums in the near future. This action should permit further expansion.

## Norway Taking More Russian Grains

Russia will deliver 10,000 metric tons additional wheat to Norway in 1957 under a protocol issued in February. This will bring the total wheat deliveries from Russia to 100,000 tons this year. In addition, Russia is committed to deliver 30,000 metric tons of rye and 15,000 tons of corn to Norway in 1957.

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## U.S. Herefords Purchased by British

Great Britain recently bought 21 purebred polled (hornless) Herefords from the United States. A committee formed through the British Hereford Society selected the 3 bulls and 18 cows. The cattle, reportedly valued at over $50,000, were flown to Prestwick, Scotland.

Polled or hornless cattle receive special subsidies in the United Kingdom—a fact that accounts for the special interest in imports. The United States has the largest number of high class Polled Herefords of any country.

## Panama Considering Butter Production

Panama hopes to solve its surplus milk problem by manufacturing butter commercially. A Panama powdered milk plant estimates it could produce over 12 percent of the country's needs in 1957 and a third of its requirements within 4 years. It has all the necessary equipment to begin operations. Also a U.S. firm could install equipment in 3 to 4 months to manufacture butter.

If either or both of these companies start making butter, the government will be expected to exercise adequate control over imports to assure a market for the locally-produced product.

## Swiss Take Action On Flour and Bread

Switzerland on Feb. 1 reduced the official flour price that mills are required to charge bakers. To increase the bakers' margin of profit on bread sales, half-white flour was reduced from 6.1 cents per pound to 5.9 cents; and white flour and semolina, from 12.2 cents per pound to 11.1 cents delivered to bakers or wholesalers at warehouses.

At the same time, the Swiss Government decontrolled bread prices, but retained the authority to reinstate controls if prices go too high.

## Malaya Shipping More Coconut Oil

Coconut oil exports from Malaya in 1956 were 14 percent above 1955 and more than double the 1935-39 average. Shipments to the Netherlands, West Germany, Egypt, and the Union of South Africa increased substantially last year. Copra exports, however, were down 7 percent from 1955 and were only one-fifth the prewar average.

## Sweden Ups Tax On Corn Imports

Sweden has increased its import tax on corn from 24.6 cents per bushel (U.S. equivalent) to 34.4 cents because the country has an ample supply of coarse grains. This will be of special interest to U.S. exporters because U.S. corn exports to Sweden had risen from 1,200 bushels in 1951-52 to over 250,000 bushels in 1955-56, even though Sweden's imports declined from nearly 6 million bushels to 1.5 million during the same period.

## Argentine Tung Oil Exports Hit Record

Argentine tung oil exports in 1956 increased 12 percent to reach a record of about 15,000 short tons. The United States continued to be the major market, taking two-thirds of the total exports. Most of the remainder went to the United Kingdom, the Netherlands, and West Germany. This is the second year that Argentina has sold quantities of tung oil in Europe.

## Mozambique Producing More Tobacco

Production of flue-cured tobacco in Mozambique is expected to reach 3 million pounds in 1957—double the 1953 crop. Further increases may be expected in the future because of recent large investments in tobacco rehandling facilities. An experienced tobacco marketing firm is guiding operations.